(c) The Government has liberalized its Foreign Direct Investment (FDI) policy in the mining sector, which allows foreign equity holding upto 100%, on the automatic route for all non-fuel and non-atomic minerals including gold, diamonds and precious stones. This also covers exploration, mining, mineral processing and metallurgy.

Sale of share in BALCO

1389. SHRI RAJKUMAR DHOOT: Will the Minister of MINES be pleased to state:

(a) whether it is a fact that Government has not taken any decision to sell remaining 49 per cent share of BALCO to Sterlite Industry which offered Rs. 1098 crore for the same;

(b) if so, the details thereof and the reasons therefor;

(c) whether Government has settled the CAG observations on pricing and valuation of 51 per cent share sold to Sterlite Industries; and

(d) if not, the reasons therefor and the present status of the same?

THE MINISTER OF STATE IN THE MINISTRY OF MINES (DR. T SUBBARAMI REDDY): (a) There is no decision taken by the Government to sell its remaining 49% shareholding in Bharat Aluminium Company Limited (BALCO).

(b) At the time of disinvestment of BALCO in March 2001, a Shareholders' Agreement (SHA) was signed between the Government of India and the Strategic Partner (SP). Modalities of acquisition of remaining shares held by the Government of India are provided in the SHA. In the SHA, there is provision of Call Option available to the SP to acquire remaining 49% shares held by the Government in BALCO. The SP sent a Call Notice in March, 2004 to acquire the remaining 49% shares held by the Government of India in BALCO. As the necessary process for valuation of shares was going on, the Ld. Attorney General, in April 2006, opined that the Call Option provision of the SHA is *ultra vires* the provisions of the Companies act and hence, void and unenforceable. The SP had filed a case in Delhi High Court pleading, *inter-alia,* that pending arbitration, the Government be restrained from selling the shares to any third party. However, as per the dispute resolution mechanism provided in the SHA, negotiation/conciliation and mediation are the prior steps before referring the dispute to arbitration. Presently, the matter is at the mediation stage.

(c) and (d) Department of Disinvestment (Ministry of Finance) has informed that the report of the Comptroller and Auditor General of India (C&AG) for the year ended March, 2005 [Union Government (Civil), Performance Audit No. 17 of 2006] on Performance Audit of Disinvestment of Government Shareholding in Selected Public Sector Undertakings during 1999-2003, was laid in the Parliament on 25th August, 2006. This report contains, *inter-alia,* observations on disinvestment in BALCO. The Public Accounts Committee (PAC) has selected this report for detailed examination during 2006-07. The Action Taken Note on C&AG's said Report has been rendered to PAC and C&AG.

Committee for sale of residual stake in BALCO

1390. SHRI ABU ASIM AZMI:
SHRI AMAR SINGH:

Will the Minister of MINES be pleased to state:

(a) whether Government has set up a Committee of Secretaries to decide on its stand on the contentious issue of selling the residual 49 per cent stake in aluminium company, BALCO to Sterlite Industry;